

31A-9-501 Merger and consolidation of fraternal.

- (1) Subject to compliance with Chapter 16, Insurance Holding Companies, any two or more domestic fraternal may merge or consolidate under the provisions of Subsections (3) and (4).
- (2) Subject to compliance with Chapter 16, Insurance Holding Companies, any two or more domestic and nondomestic fraternal may merge or consolidate under the provisions of Subsection (5).
- (3) In addition to complying with Chapter 16, Insurance Holding Companies, the supreme governing body of each domestic fraternal proposing to merge or consolidate shall:
 - (a) at least 60 days prior to the proposed action, submit the text of the proposed contract to its members as provided in Subsection 31A-9-213(4);
 - (b) approve the proposed consolidation or merger by a two-thirds vote; and
 - (c) file with the commissioner:
 - (i) a certified copy of the written contract containing in full the terms and conditions of the consolidation or merger;
 - (ii) a sworn statement by the president and secretary or corresponding officers of each fraternal showing the financial condition of each on a date fixed by the commissioner, but no earlier than the December 31 of the year preceding the proposed contract; and
 - (iii) evidence of compliance with Subsections (3)(a) and (b).
- (4) The commissioner shall issue a certificate approving the merger or consolidation, upon a finding that all of the following conditions exist:
 - (a) The contract conforms to the provisions of this chapter.
 - (b) The parties to the proposed contract have complied with the provisions of Subsection (3).
 - (c) The proposed contract is equitable to the members of each fraternal.
- (5) When a nondomestic fraternal is a party to the proposed contract, the parties shall follow the procedure for domestic fraternal under Subsections (3) and (4). However, the commissioner may not issue a certificate of compliance until the parties file a certificate that the proposed contract has been approved in the manner provided by the laws of the jurisdiction under which the fraternal is incorporated, or, if those laws contain no procedure for approval, that the proposed contract has been approved by the commissioner of insurance for that jurisdiction.
- (6) The merger or consolidation is effective when the commissioner issues a certificate of approval.
- (7) When the merger or consolidation is effective, the surviving or new fraternal has all the assets and is liable for all of the obligations of each of the participating fraternal.

Enacted by Chapter 242, 1985 General Session